ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	
BILLED PARTY PREFERENCE FOR INTERLATA CALLS	CC Docket No. 92-77

REPLY COMMENTS OF SPRINT

Sprint Communications Company L.P. hereby replies to the initial comments of other parties in the above-referenced docket on whether the Commission should implement "0+ public domain" for IXC calling cards.

In its initial comments, Sprint opposed 0+ public domain, not because AT&T's advantages in the calling card and operator services markets do not require remedial action by the Commission, but rather because this particular "cure", depending on how it is implemented, would at best be ineffectual and could create serious problems for both AT&T's competitors and the public. Sprint urged the Commission instead to focus the industry's resources on the best long-term solution to the existing market structure problems: Billed Party Preference, but suggested that if the Commission felt compelled to take some interim action, it should prohibit AT&T and other IXCs from paying premises-owner commissions on proprietary card traffic.

Not surprisingly, there is a sharp split among the parties commenting on these issues. AT&T, of course, denies that there is any problem to begin with, and opposes 0+ public domain. Other, more disinterested parties, including the bulk of the

local exchange industry and the SDN Users Association, also object to 0+ public domain. Support for 0+ public domain comes mainly from certain IXCs and a number of AOS providers, who argue that 0+ public domain is necessary (whether or not these parties support billed party preference as the ultimate solution) in order to check AT&T's existing market advantages. Other parties propose different solutions to the problem. At one extreme, BellSouth would prohibit any IXC from having a proprietary calling card. APCC, on the other hand, argues only that those carriers who share validation information for their cards with other carriers should be required to do so with all other carriers on a non-discriminatory basis. Finally, certain LECs would require AT&T to correct the misleading impression it conveyed to its CIID cardholders about the status of line-numbered cards.

As Sprint explained in its initial comments, it agrees with the proponents of 0+ public domain that the calling card and operator service markets today are seriously distorted by AT&T's advantages. However, Sprint's view that 0+ public domain is an unwise and unworkable solution to the problem is reinforced by the record developed in the initial comments.

AT&T makes clear (at 5) that if 0+ public domain were adopted, it would abandon 0+ access in order to keep its calling cards proprietary. Thus, 0+ public domain would have little effect on the amount of "captive" traffic AT&T has from its cardholders and as a result would not make the market for presubscription of public phones a more competitive one.

Given AT&T's choice to keep its cards proprietary, rather than retain 0+ access and share validation data with other carriers, then the key question in evaluating the public interest impact of 0+ public domain is precisely how it is defined -- i.e., whether carriers desiring to have proprietary cards should merely instruct their customers to dial an access code or should also be required to block 0+ calls. A few proponents of 0+ public domain, including Pacific Bell and U.S. Long Distance, would merely require IXCs wishing to have proprietary cards to instruct their callers to use access codes but would not require blocking of 0+-dialed calls from phones presubscribed to that carrier. As Sprint pointed out in its initial comments, it is not clear that this form of 0+ public domain would be effective in erasing AT&T's current ease-of-use advantage over other IXCs' calling cards, since customers would realize that in fact they can continue to reach AT&T from roughly four out of every five phones simply by dialing 0+.[1]

Other parties would assure that this ease-of-use advantage disappears either by prohibiting AT&T or any other IXC from accepting 0+ calls on their proprietary cards,[2] or by explicitly restricting the access codes available for proprietary cards to 800 and 950.[3] As Sprint pointed out in its initial comments,

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[1]Other parties agree. See, e.g., ComTel Computer at 5-6.

[2]E.g., ComTel Computer at 5, CompTel at 13, MCI at 4.

[3]E.g., Advanced Telecommunications et al. at 6, Value-Added Communications at 5.

there is no way for an IXC to distinguish between 0+ and 10XXX calls coming into its operator services system. Thus, the practical effect of prohibiting IXCs from accepting 0+ calls would be to eliminate 10XXX codes as well for all IXCs.[4] This would substantially inconvenience calling card users by forcing them to use longer dialing sequences to access their carrier of choice, and would nullify the substantial investment Sprint recently made to facilitate 10XXX access to its calling card customers. The competitive problems created by AT&T's dominance should not be solved at the expense of Sprint (and possibly other competitors of AT&T as well). Furthermore, as Sprint pointed out in its initial comments (at 9), the Commission recently concluded in CC Docket No. 91-35 that 10XXX access to operator services is superior to either 800 or 950 access. Given these findings by the Commission, none of the parties who would effectively prohibit this form of access attempts to explain how their position could be legally sustainable.

As noted above, BellSouth goes even farther than 0+ public domain and argues that all IXC calling cards should be nonproprietary. BellSouth states that its position simply reflects an extension of the Commission's findings with respect to LEC-issued calling cards in CC Docket No. 91-115 to the IXC industry. However, BellSouth overlooks the fact that the LEC

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[4]Many of the LECs point out that it would be impractical, expensive, and time-consuming for them to separate 0+ calls from 10XXX calls on behalf of the IXCs. See, e.g., NYNEX at 2-3, GTE at 2-3, U S West at 6-7, and Southwestern Bell at 6-7.

calling cards at issue in CC Docket No. 91-115 were joint use cards -- that is, they were specifically intended to be accepted by more than one carrier. What the Commission decided in Docket No. 91-115 is that if a carrier shares validation information with one or more other carriers, then it should do so with all other carriers on nondiscriminatory terms. That is not the case with many IXC cards. Sprint, for example, does not permit any other carrier -- local or long distance -- to validate its calling card, and thus the rationale of the Commission's decision in CC Docket No. 91-115 has no applicability to Sprint. In short, BellSouth's comments overlook the obvious distinction between carriers who make validation data available, but only on a limited and discriminatory basis, and carriers, like Sprint, who choose to have a truly proprietary card. It may be noted that in its alternative proposal, APCC (at 13-14) properly recognizes this distinction. Furthermore, BellSouth overlooks altogether the very legitimate business interests all IXCs have in issuing proprietary calling cards: protecting their customers from being at the mercy of AOS providers that charge unconscionably high rates, making sure that the customer has access to all the value-added features available with the IXC's proprietary card, and building a stronger bond between carrier and customer. If BellSouth's proposal were adopted, the most likely winners would be the AOS providers who continue to charge high rates to the public, and calling card users would be the real losers.

Some RBOCs claim that AT&T used deceptive tactics when it distributed its CIID proprietary cards to its customers, and urge

the Commission to require AT&T to do some "corrective" mailings to customers informing them that line-numbered calling cards are still available from LECs and still work.[5] Sprint sympathizes with the LECs' concern over the customer misunderstandings that may have resulted from AT&T's marketing tactics. However, to require AT&T to do the corrective mailings to these customers would be to allow the "fox to guard the hen house." Sprint is concerned that any such mailing by AT&T would simply give it a marketing opportunity -- this time under "government" auspices -- to perhaps again mislead its customers on other aspects of the calling card market. If the Commission finds that corrective action is desirable, it should instead require AT&T to provide each LEC with a list of AT&T CIID customers in that LEC's service area who received the allegedly deceptive mailings by AT&T, so that the LECs themselves -- not AT&T -- could inform these customers about the continued availability and utility of their cards.

In short, for the reasons explained above and in Sprint's initial comments, the Commission should not adopt 0+ public domain, but instead should continue to focus the industry's attention on prompt implementation of Billed Party Preference. If the Commission wants to take some interim action pending the implementation of Billed Party Preference, it should prohibit all IXCs from commissioning proprietary card calls placed at public phones. The Commission should also reject BellSouth's proposal

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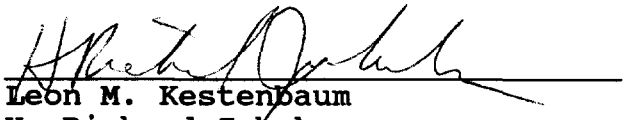
[5]NYNEX at 3-4, SWB at 4.

to prohibit any IXC from issuing a proprietary card. That proposal simply overlooks the distinction between IXCs who have chosen to have a truly proprietary card and those who share validation and related billing information on a limited and discriminatory basis. Finally, if the Commission believes that AT&T's marketing of its CIID cards warrants the dissemination of corrective information, it should require AT&T to provide the LECs with a list of affected customers so that the LECs themselves can do the corrective mailings.

Respectfully submitted,

SPRINT COMMUNICATIONS COMPANY L.P.



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June 17, 1992

CERTIFICATE OF SERVICE

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June 17, 1992
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